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CROATIA

CASE STUDY

New management for faster growth

USAID's Poduzetna Hrvatska program helps a Croatian entrepreneur restructure management to build a new rubber plant that will employ 130 new workers.



Photo by Gumiimpex

Workers install rubber molding in a Croatian factory, Gumiimpex.

Poduzetna Hrvatska project enables Croatian small and medium enterprises to boost exports and increase employment. Critical technical assistance was provided to this rubber company to expand into waste management market.

This created a competent middle management that allowed the owner and CEO to concentrate on strategic growth issues.

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CHALLENGE Many small companies face serious problems when their company outgrows the capabilities of the founding owner. If the owner is the chief executive officer (CEO), chief financial officer, chief operation officer and production manager, a change in management structure is usually necessary for the company to grow. Introducing middle managers that can take on day to day operations and move the company forward for the CEO is often the best answer.

It was precisely this critical point in which Mr. Rudolf Kirić, the owner and CEO of the rubber company, Gumiimpex, in northern Croatia, found himself in the spring of 2005. He wanted to expand his business beyond traditional rubber molding and re-treading of Goodyear car tires, and venture into a new area – rubber waste processing. However, he realized that he could not successfully run both his old company and the rubber waste start-up GRP Ltd., without structural changes in management.

INITIATIVE Mr. Kirić requested assistance from USAID-funded *Poduzetna Hrvatska* managers to link him up with a consultant from a partner organization - the Association of Management Consultants.

The consultancy involved analyses of company activities, such as sales, logistics, marketing, communication flows, strategic and operational management. The main task was to implement business operations in compliance with ISO 9001 and 14001 standards.

In addition to assistance with consulting services, *Poduzetna Hrvatska* assisted the company to take advantage of various government incentives for introducing quality standards, and new environmentally-friendly technology and processes to upgrade industry in Croatia.

RESULTS Gumiimpex expanded its business with support of USAID technical assistance. A competent middle management was formed that can make decisions and move the company forward without Mr. Kirić's day-to-day involvement.

Consequently, the spin-off company, GRP Ltd., invested 5 million euro (\$6 million) in new equipment and machinery. The company will create 130 new jobs in one of the most attractive, bustling new business zones in northern Croatia, the Varaždin Free Zone.